

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
AVISTA CORPORATION FOR A)	CASE NO. AVU-E-04-4
MODIFICATION TO THE RESIDENTIAL AND)	
SMALL FARM ENERGY RATE ADJUSTMENT)	NOTICE OF APPLICATION
CREDIT.)	
)	NOTICE OF MODIFIED
)	PROCEDURE
)	
)	NOTICE OF COMMENT/
)	PROTEST DEADLINE

YOU ARE HEREBY NOTIFIED that on October 1, 2004, Avista Corporation dba Avista Utilities (Avista; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a change to the Company's Schedule 59 Residential and Farm Energy Rate Adjustment tariff. Avista requests authority to increase the residential and farm energy rate adjustment credit from 0.252¢ per kWh to 0.412¢ per kWh effective November 1, 2004.

As a Northwest regional utility, Avista is entitled to participate in the Residential Exchange Program (REP) that extends the benefits of the Columbia River federal power program to residential and small farm consumers served by investor-owned utilities in the region. Section 5c of the Northwest Power Act, 16 U.S.C. § 839(c). The REP is administered by the Bonneville Power Administration (BPA). A Residential Exchange Settlement Agreement between Avista and BPA settled the parties rights and obligations for the Residential Exchange Program for the ten-year term of the Agreement, October 1, 2001 through September 30, 2011. Avista uses the energy rate adjustment credit to pass onto its qualifying residential and small farm customers the estimated residential exchange benefits it receives from BPA. The proposed rate credit of 0.412¢ per kWh is designed to pass through the projected balance of accumulated benefits at October 31, 2004, as well as the expected level of benefits to be received from BPA during the period November 1, 2004 through October 31, 2005.

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The proposed 0.412¢ credit is a uniform cents per kilowatt hour decrease that will apply to residential and small farm customers served under Schedules 1, 12, 22, 32, and 48. For residential and small farm area lighting customers served under Schedule 48, the proposed credit is applied on a uniform cents per kilowatt hour basis to the energy usages of the various lights covered under that rate schedule. The calculation of the proposed rate credit is shown in Company workpapers. As reflected in the Company's Application, the proposed increase in the rate credit will result in an overall reduction in annual revenue of approximately \$1.7 million. The increase in the rate credit will have no effect on Avista's net income.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. AVU-E-04-4. The Commission has preliminarily found that the public interest in this matter may not require a hearing to consider the issues presented, and that issues raised by the Company's filing may be processed under Modified Procedure, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that **the deadline for filing written comments or protests** with respect to Avista's Application in and the use of Modified Procedure in Case No. AVU-E-04-4 is **Thursday, October 28, 2004**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the issue on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. AVU-E-04-4 should be mailed to the Commission and the Company at the addresses reflected below:

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COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074

Street Address for Express Mail:

472 W WASHINGTON ST
BOISE, ID 83702-5983

KELLY O. NORWOOD
VICE PRESIDENT OF STATE AND FEDERAL
REGULATION
AVISTA CORPORATION
1411 E MISSION AVE
SPOKANE, WA 99220
E-mail Kelly.norwood@avistacorp.com

DAVID J. MEYER
VICE PRESIDENT AND CHIEF COUNSEL OF
REGULATORY AND GOVERNMENTAL
AFFAIRS
AVISTA CORPORATION
1411 E MISSION AVE
SPOKANE, WA 99220
E-mail dmeyer@avistacorp.com

All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.state.id.us. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing

YOU ARE FURTHER NOTIFIED that the Application in Case No. AVU-E-04-4 may be viewed at the Commission's website, www.puc.state.id.us by clicking on "File Room" and "Electric Cases" or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, ID and at the Idaho offices of Avista Utilities.

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DATED at Boise, Idaho this 20th day of October 2004.


PAUL KJELLANDER, PRESIDENT

Out of the Office on this Date
MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER


Jean D. Jewell
Commission Secretary

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